

Message Text

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PAGE 01 LAGOS 04993 061611Z

71

ACTION EB-11

INFO OCT-01 AF-10 ISO-00 XMB-07 AEC-11 AID-20 CEA-02

CIAE-00 CIEP-02 COME-00 DODE-00 FEAE-00 FPC-01 H-03

INR-10 INT-08 L-03 NSAE-00 NSC-07 OMB-01 PM-07 RSC-01

SAM-01 SCI-06 SP-03 SS-20 STR-08 TRSE-00 NEA-14 PA-04

PRS-01 USIA-15 DRC-01 /178 W
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R 061446Z JUN 74

FM AMEMBASSY LAGOS

TO SECSTATE WASHDC 4376

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E.O. 11652: N/A

TAGS: ENGR, NI

SUBJECT: PETROLEUM: TEXACO SHUT IN ATTRACTS NEWSPAPER PUBLICITY

REF: LAGOS 3965

1. DAILY EXPRESS OF LAGOS HEADLINED TEXACO SHUT IN JUNE 5, ALLEGING THAT MINISTRY MINES AND POWER HAD ORDERED CESSATION OF PRODUCTION AND EXPORT ON ACCOUNT OF ALLEGED ILLEGAL EXPORTATION OF OIL. SIMILAR ARTICLE APPEARED EARLIER IN PORT HARCOURT TIDE.

2. IN JUNE 6 CONVERSATION ACTING MANAGER CONFIRMED TO US THAT TEXACO/ CHEVRON HAS REMAINED SHUT IN AT MINISTRY DIRECTION SINCE MAY 8 AS REPORTED REFTEL, BUT HE ADDED LITTLE TO EXPLANATION GIVEN EMBASSY AT THAT TIME. HE REPEATED EARLIER SPECULATION THAT WITH TEXACO/CHEVRON PRODUCTION AT LESS THAN 10,000 B/D GOVERNMENT HAS NOT FOUND IT WORTHWHILE TAKE EQUITY PARTICIPATION BUT HAVING DONE SO WITH OTHER PRODUCERS IS EMBARRASSED TO ALLOW TEXACO/CHEVRON CONTINUE PRODUCTION. HE ALSO SUGGESTED HOWEVER THAT STRICTLY

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PAGE 02 LAGOS 04993 061611Z

SPEAKING MINISTRY PROBABLY ACTING WITHIN ITS RIGHTS IN

SENSE THAT 10,000 B/D IS MINIMUM REQUIRED FOR PRODUCTION LICENSE AND ALTHOUGH TEXACO HAS THAT LICENSE ITS OUTPUT, FOR TECHNICAL REASONS, HAD FALLEN TO 8,500 B/D, FROM PEAK OF 12,500 B/D.

3. ACTING MANAGER INSISTED THERE ABSOLUTELY NO FOUNDATION FOR ALLEGATION OF ILLEGAL EXPORTATION AND SAID TEXACO HAD ASKED MINISTRY FOR OFFICIAL DENIAL. MINISTRY DECLINED HOWEVER ALLEGEDLY ON GROUND IT DID NOT WISH ENGAGE MINISTRY IN PRACTICE OF OFFICIALLY REBUTTING EVERY ERRONEOUS PRESS ARTICLE.

4. ACTING MANAGER ADDED THAT OTHER ALLEGATIONS IN ARTICLE TO EFFECT MINISTRY WOULD NOT ALLOW RETURN OF STORAGE TANKER THAT COMPANY HAD BEEN USING; AND THAT MINISTRY INSISTING TEXACO BUILD ON SHORE TERMINAL AND ACHIEVE 50,000 B/D PRODUCTION AS CONDITIONS FOR RESUMPTION OF EXPORTS ALSO MISLEADING. IN FACT TANKER HAD BEEN SENT FOR PERIODIC DRYDOCKING AND WOULD RETURN IN AUTUMN. AT THAT TIME, DEVELOPMENT NEW MIDDLETON FIELD WOULD BOOST TEXACO/CHEVRON POTENTIAL TO OVER 15,000 B/D AND COMPANY EXPECTED TO BE ALLOWED RESUME PRODUCTION AND EXPORT THEN AT THAT LEVEL. ACTING MANAGER NOTED TEXACO/CHEVRON HAD SUBMITTED PROPOSALS FOR TERMINAL AND IS AWAITING MINISTRY APPROVAL. HE ALSO SAID THAT IN MED-1975 WITH ADDITION OF NORTH APOI FIELD PRODUCTION COULD REACH 50,000 B/D.

5. ACTING MANAGER STRESSED THAT ALTHOUGH COMPANY REGRETS SHUT IN AND LOSS OF OIL, IT IS IN AMICABLE RELATIONS WITH MINISTRY AND AMONG OTHER THINGS HAS INDICATED TO MINISTRY WILLINGNESS TO OPEN DISCUSSIONS OF PARTICIPATION. HE SAID COMPANY HAD NO REASON NOW TO REQUEST EMBASSY ASSISTANCE OR INTERVENTION.
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